



**Testimony HB 231**  
**BUDGET and TAXATION COMMITTEE**  
**March 29, 2023**  
**Position: FAVORABLE**

Dear Chairman Guzzone and Members of the Budget and Taxation Committee

The Community Development Network of Maryland (CDN) is the voice for Maryland's community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non-profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland's urban, suburban and rural communities.

HB 231 Baltimore City – Property Taxes – Authority to Set Special Rates.

The current tax system requires all properties to be taxed at the same rate. These rates are based on the state assessment of value. Vacant properties are typically assessed for a significantly lower value than occupied properties but have a much higher cost to the city with demands for city services. The effective result of this is occupied properties subsidizing the services demanded for vacant properties. This results from the very low amount of taxes paid by vacant properties due to low assessments.

Two recent studies concluded that vacant properties cost Baltimore City over \$100 million annually in direct costs through city services and an additional \$100 million annually in reduced collections because of the direct impact of the vacant properties on the value of surrounding properties. This annual cost to the city is directly attributed to the 14,339 vacant properties in Baltimore. This means that the direct cost to the city in provision of services and lost revenue is more than \$13,000 for each vacant property.

Almost all vacant properties in Baltimore have tax assessments below \$40,000. This results in a tax bill that is less than \$1,000. The result is that the remaining city taxpayers are over taxed. These properties are not only blighting our neighborhoods physical environment they are also utilizing a disproportionate number of resources and blocking revitalization efforts. Giving Baltimore City the ability to create special property tax rates that could help address this problem. Vacant properties could be taxed at a rate appropriate for the services demanded or a minimum tax for vacant properties could be determined to ensure support for the needed city services.

We urge your favorable report for HB 231.

Submitted by Claudia Wilson Randall, Executive Director, Community Development Network